

ASX Release
2 July 2014

Vocus proposes to acquire 100% of New Zealand's FX Networks

Creates the leading trans-Tasman Telco

Vocus Communications Limited (ASX: VOC) is pleased to announce it has entered into agreements with the shareholders of FX Networks Limited (FX) to acquire 100% of the issued capital of the New Zealand fibre provider.

FX owns a unique and high quality fibre optic network consisting of 4,132 kms of modern ducted fibre cable covering both the North and South Islands of New Zealand. The company has 365 customers including 43 of the Top 100 companies in New Zealand.

Vocus will acquire FX for an enterprise value of NZ\$115.8m (~A\$107.7m). The FX business is expected to deliver NZ\$13.5-\$14.5m of EBITDA in the first 12 months post acquisition (excluding transaction and integration expenses).

The combination of Vocus and FX strengthens both businesses. Vocus will emerge as the third largest network operator in NZ and the clear leader in trans-Tasman telecommunications and data centres.

Vocus CEO, James Spenceley said, "FX has built an excellent fibre asset reaching all major population centres across New Zealand. There exists an exciting opportunity in New Zealand to mirror the success we have had in Australia as the only integrated provider of fibre, Internet and data centres. The FX acquisition adds the missing fibre piece to our existing data centre and Internet investment in New Zealand".

FX CEO, David Heald said, "This transaction allows FX to move to the next phase of its corporate development. We have fundamentally completed the build of New Zealand's most modern fibre network. The addition of Vocus' financial strength and other NZ assets together with a shared culture focused on delivering exceptional outcomes to customers, means this transaction will give a positive outcome for both shareholders and customers alike".

The acquisition is fully funded via current cash holdings, a new multicurrency senior debt facility with the Commonwealth Bank of Australia and Vocus scrip issued to FX shareholders. FX shareholders may accept a combination of shares and/or cash (up to a cap of NZ\$20.5m). Depending on acceptances by FX shareholders, Vocus will issue between 8.8m – 13.1m shares issued at A\$4.40 per share, a 5% discount to the 5 day VWAP and a 1.3% premium to the 30 day VWAP prior to 30 June 2014.

The structure of the financing will provide Vocus with an additional unused debt facility of circa A\$40m to continue to seek growth opportunities.

Vocus has received agreements from 77.1% of FX shareholders indicating they will accept the offer and the transaction is expected to complete early Q2 FY2015.



Formal process and indicative timing

Completion of the FX acquisition will be subject to a number of conditions precedent including (but not limited to):

- Vocus shareholder approval for the purposes of ASX Listing Rule 7.1, to be obtained at an EGM scheduled to be held in late August 2014, with a notice of meeting to be despatched in late July 2014
- Acceptances by more than 90% of FX shareholders of the offer:
- Takeover Offer Document, Target Company Statement and Independent Expert's Report released in late August 2014
- 50% of the shares issued to FX shareholders being subject to escrow conditions
- Receipt of change of control consents from certain key commercial counterparties
- No event having occurred under Vocus' funding arrangements which would allow Commonwealth Bank of Australia to withdraw its funding commitment to Vocus

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About Vocus (ASX:VOC): Vocus Communications is an ASX listed leading telecommunications provider of Data Centre, Dark Fibre and International Internet connectivity across Australia, NZ, Singapore and the US. The company provides high performance, high availability, and highly scalable communications solutions, which allow service providers to quickly and easily deploy new services for their own customer base.

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